

Ukraine / Glass Industry

Vetropack Gostomel Glass

Withstanding Energy Price Hikes

BUY

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12M Target: USD 2.3

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Market Information

Bloomberg	GSKZ UZ
No of Shares, mln	44.3
Market price, USD	1.9
MCap, USD mln	85.5
Free float	25%

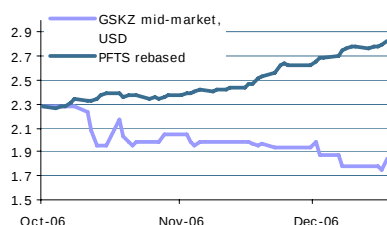
Stock Ownership

Vetropack	75%
Management and employees	20%
Other	5%

Ratios, 2006E

EBITDA Margin	30%
EBIT Margin	21%
Net Margin	9%
Net Debt/Equity	0.7

GSKZ stock performance*



* Starting from Oct. 13 2006, when PFTS prices adjusted for the additional emission.

Nine-month results reveal that Gostomel Glass did not pass an increase in production costs on to the price for final products to the extent that we projected. Nevertheless, we believe that profitability margins will be pushed up in 4Q06, as the reconstruction of the third furnace in 3Q06 should decrease GSKZ's overall energy consumption by 17%. We correct our estimate of GSKZ's profitability in 2006 downward, and review our forecasts for subsequent years. We decrease our target price to USD 2.3, and confirm our BUY recommendation at currently lowered market share prices.

Energy-saving Operations to Offset Rising Production Costs in 2007-08.

The effect of upgrades to GSKZ's third furnace is likely to become apparent in 4Q06 financial results, when we expect it to lift GSKZ's gross margin from 40% in 9M06 to 41% for all of 2006. We believe that modernization of the second furnace in 2007, and the launch of a fifth, modern one at the beginning of 2008 will compensate for projected increases in energy prices and tightening competition on the glass packaging market, thus preserving the company's profitability margins in 2007-08 near the level we expect to be posted in 2006.

Growth Plans Confirmed, Corrected.

The closure of the third furnace for repairs and to increase capacity resulted in a production loss that was more significant than we expected and is likely to result in 6% lower net revenues in 2006, compared to our initial projections. The company confirmed intentions to finish the construction of a fifth furnace by the end of 2007, but corrected its production capacity downward to 380 mt of glass per day. Therefore, GSKZ's overall capacity will be increased by 63% from the current 600 mt, instead of the 73% increase that was initially planned. We do not revise our GSKZ production projections starting in 2008, but instead expect higher capacity load. The EBRD has already allocated a USD 59 mln credit line to help finance the project.

Free Float Not Diluted After a Charter Fund Increase, Liquidity Remains Low.

An increase in the company's charter fund by 88 times in summer 2006, did not practically cause free-float to decrease in favor of Vetropack, as almost all minority shareholders subscribed. We treat the 25% non-Vetropack stake as free float, since we believe the 20% in the hands of management and employees might also potentially be sold. So far, the stock remains rather illiquid, with a total PFTS trading volume over 2006 of USD 7.5 mln.

Key Financials & Ratios

(in USD mln)	Sales	EBITDA Margin	Net Margin	EV/S	EV/EBITDA	P/E
2005	46.2	33%	18%	2.3	7.1	10.2
2006E	49.6	30%	9%	2.3	7.4	19.9
2007E	55.7	30%	11%	2.7	9.1	15.0
2008E	94.0	30%	13%	1.6	5.6	7.9

Spot exchange rate: 5.05

Profitability Adjusted Downward

GSKZ's 9M06 results caused us adjust our 2006 estimates and forecast for subsequent years.

The gross margin was lower than initially-expected for two major reasons. First, the company did not manage to transfer increases in production costs to the price for its final products as much as we expected. Second, we believe that some of the expenditures to repair the third furnace were not capitalized, but instead designated as production costs, which pushed GSKZ's gross margin down 1% further.

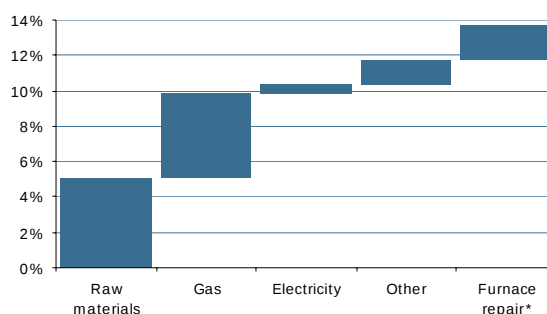
We correct downward our production estimates for 2007, assuming the same amount of time to repair the second furnace as it took to complete repairs on the third one in 2006. We confirm our production projection for 2008 when the new, fifth furnace is put into operation. GSKZ announced a decrease in the planned capacity for this furnace from an initial 440 mt per day to 380 mt, and we expect a higher load at this lower than initially planned capacity.

Projections' Revision

	Previous			New		
	2006E	2007E	2008E	2006E	2007E	2008E
Average capacity, ths mt	212	219	380	208	219	358
Production, ths mt, excl. waste	189	195	288	172	182	288
Change yoy	8%	3%	47%	-2%	6%	58%
Capacity utilization	95%	95%	80%	88%	89%	85%
Revenues, USD mln	52	56	88	50	55	89
Change yoy	12%	8%	57%	7%	10%	62%
EBITDA margin	33%	33%	32%	30%	30%	30%
Net margin	14%	11%	13%	9%	10%	12%

Source: Concorde Capital Estimates

Contribution to GSKZ production costs increase %, 2006 / 05

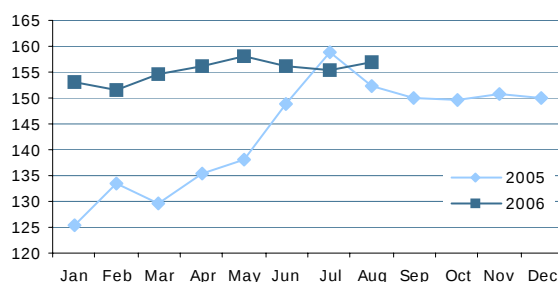


* Assigned to production costs

Source: Company data, Concorde Capital estimates

We estimate an increase of 10% yoy in 2006 for the price for soda ash, the major raw material used in glass production. We also estimate a 32% increase in price of gas (accounted for up to 19% of the company's production costs in 2006). These two factors will account for most of the increased production costs last year.

Soda ash prices*

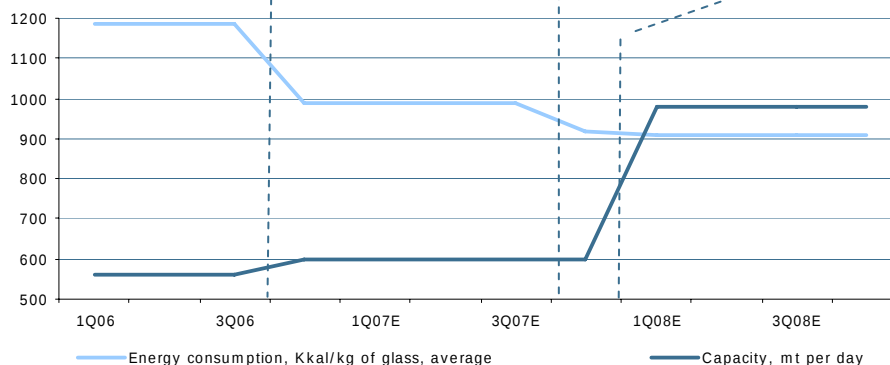


Note: Average monthly export price of Ukrainian producers (Lysychansk Soda and Krym Soda)

Tightening competition on Ukraine's market for glass packaging in 2007 and 2008 will make for GSKZ more difficult to transfer increases in production costs to the prices for its final products. Nevertheless, we believe that construction and upgrades to its furnaces in 2006-08, which are expected to result in a 23% decrease in the company's consumption of gas and electricity, will help to offset rising production costs.

Results of GSKZ's furnace upgrades and construction

	Upgrades to furnace #3	Upgrades to furnace #2	Construction of furnace #5
Capacity increase, mt/day	40	0	380
Energy savings, %	17%	7%	1%



Source: Company data, Concorde Capital estimates

Competition Tightening but Less than Expected

We expect competition on Ukraine's glass packaging market to tighten further in 2007. However, major market participants, including GSKZ, have corrected their capacity expansion plans downward, which will allow them to avoid idle capacities in future.

After Ukraine's glass packaging producers increased capacities by about 20% to 1.5 mln mt in 2006 in total, we expect further growth of 15% in 2007. We project the market's capacity load to decrease from 74% in 2006 to 70% in 2007.

Consumers Sklo Zorya (controlled by Saint-Gobain Oberland, Germany), GSKZ's major competitor, opened a new workshop in November, but at 350 mt per day capacity, instead of the initially planned 400 mt. Volnogorsk Glass also changed the capacity of its new furnace, launched in 2006, from 220 to 160 mt per day.

Vetropack Gostomel Glass also amended plans to increase capacity in 2007 from 440 mt per day (as initially planned) to 380 mt.

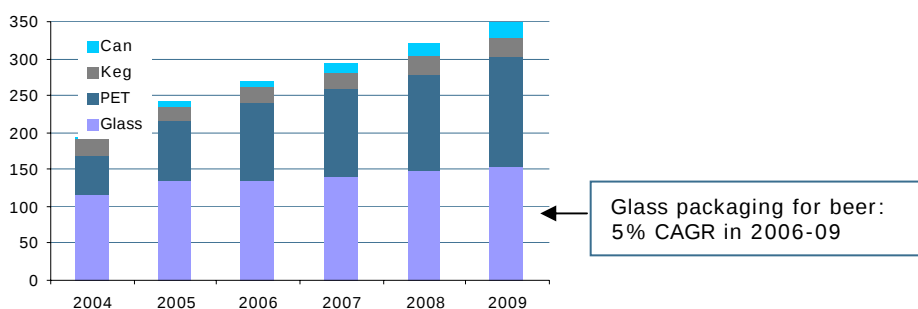
Demand Still There

We confirm our estimate that glass packaging production in Ukraine will grow at 8% CAGR in 2005-10, triggered by growth in beverage production, export growth and cannibalization of imports.

The Ukrpyvo Association estimates 2006 beer production growth of 12% to 270 mln dal, slightly less than the 15% we projected for 2006. We expect further rises in beer production in line with internal market growth, estimated by BBH at 9% CAGR for the next three years.

The share of PET and cans in overall beer packaging is expected to grow at the expense of glass bottles. We estimate the consumption of glass packaging for beer to grow at 5% CAGR in the mid-term, which is slower than the overall beer market.

Beer production in Ukraine by packaging type, mln dal



Source: BBH, Concorde Capital estimates and calculations

Production of hard liquor is growing at a slower pace than beer, which we estimate at 10% in 2006 to 44 mln dal and a further 5% in 2007. Nevertheless, since glass is the only type of packaging used for this product, we expect internal demand to see corresponding growth of 5% CAGR in the mid-term.

Glass packaging for hard liquor creates opportunities for higher value-added products. As consumption of middle and premium vodka and cognac beverages are posting the highest growth of hard liquor in Ukraine, producers have an increasing demand for premium packaging, which is still not being satisfied by Ukrainian producers.

In fact, imports of glass bottles (0.3-0.7l) tripled in 9M06 yoy to 112 mt. We still expect practically all imports to be replaced by local products in the mid-term, as companies bring new capacity online that will allow them to satisfy demand.

Exports of premium-class glass bottles grew by 88% in 3Q06 to 23 ths mt in 9M06. Most of those bottles were delivered by Consumers Sklo Zorya to Soyuz Viktan's (Ukrainian vodka maker) production site in Russia. We project exports of glass packaging to grow by 3% CAGR in 2006-10. Therefore, we believe that for GSKZ, it would be most practical to start production of premium-class bottles at the new, fifth furnace to be launched by the end of 2007.

Income Tax Fluctuations

A high effective net income tax contributed to lower net margins in 2006. The tax rate came to 105% of profit before tax in 1Q06, normalized to 31% in 2Q06, and again rose in 3Q06, when USD 0.2 mln in tax was levied on negative profit.

According to GSKZ's management, the large tax in 1Q06 was a one-time occurrence, due to different treatment of the sale of GSKZ's investment in Kostopolsky Glass on tax returns and financial statements.

The high effective tax in 3Q06 is likely the result of different representations of expenditures for furnace repairs in financial statements and tax returns. We believe it will be compensated by a lower effective tax in subsequent quarters.

We project an effective tax rate of 45% for all of 2006 to normalize at 25% in the subsequent years.

Valuation

As before, we set our 12M target price based on the results of a DCF valuation, which better takes into account a projected increase in GSKZ sales and a gradual decrease in profitability margins.

We also use 2008 projected financials for the peer comparison, which helps us better account for growth in GSKZ's sales due to a fifth furnace that will be launched by the end of 2007. As construction on the fifth furnace will take place in 2007, this year's EV/Sales and EV/EBITDA multiples reveal an abnormally low implied share price for GSKZ due to high net debt.

As before, EV/EBITDA and P/E multiples imply a higher target price than offered by EV/Sales since GSKZ's profitability margins are expected to be higher than its peers in the mid-term.

Valuation Date: January 5, 2008

For the purpose of forecasting local currency is used

	2007E	2008E	2009E	2010E	2011E	2012E	2013E	2014E	2015E	2016E
EBITDA	81	132	148	165	171	167	163	161	155	152
EBIT	57	98	114	129	135	131	128	127	121	118
Tax Rate	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Taxed EBIT	42	74	85	96	102	99	96	95	91	89
Plus D&A	24	34	34	36	36	36	35	35	34	33
Less CapEx	(219)	(66)	(96)	(40)	(39)	(37)	(36)	(35)	(34)	(33)
Less change in OWC	(10)	(26)	(14)	(28)	(7)	(8)	(5)	(3)	(2)	-
FCFF	-	15	10	65	92	90	90	91	89	89
WACC	10.4%	10.2%	10.1%	10.0%	10.0%	9.6%	9.6%	9.7%	9.8%	9.9%
WACC to Perpetuity	10.5%		Disc. Terminal Value					456		
Firm Value	823		Portion due to TV					55%		
Less Net Debt	-313		Perpetuity Growth Rate					2%		
Equity Value	510		Implied Exit EBITDA Multiple					x7.0		
Implied 12-Mo share price	USD 2.3									

Implied Share Price, US\$					
WACC to perpetuity	Perpetuity Growth Rate				
	1.0 %	1.5 %	2.0 %	2.5 %	3.0 %
9.0 %	2.4	2.6	2.8	3.0	3.2
9.5 %	2.3	2.5	2.6	2.8	3.0
10.0 %	2.2	2.3	2.5	2.6	2.8
10.5 %	2.1	2.2	2.3	2.5	2.6
11.0 %	2.0	2.1	2.2	2.3	2.5
11.5 %	1.9	2.0	2.1	2.2	2.4
12.0 %	1.8	1.9	2.0	2.1	2.2

Implied Share Price, US\$					
WACC	Perpetuity Growth Rate				
	1.0 %	1.5 %	2.0 %	2.5 %	3.0 %
-1.5 %	2.5	2.6	2.7	2.9	3.1
-1.0 %	2.3	2.5	2.6	2.8	2.9
-0.5 %	2.2	2.3	2.5	2.6	2.8
+0.0 %	2.1	2.2	2.3	2.5	2.6
+0.5 %	2.0	2.1	2.2	2.3	2.5
+1.0 %	1.9	2.0	2.1	2.2	2.4
+1.5 %	1.8	1.9	2.0	2.1	2.2

Peer Comparison

	Country	Market Cap USD mln	EBITDA Mgn				Net Mgn			
			2005	2006E	2007E	2008E	2005	2006E	2007E	2008E
GSKZ		85.5	33%	30%	30%	30%	18%	9%	10%	12%
Developing group										
Anadolu Cam Sanayii	Turkey	602.9	30%	29%	28%	27%	11%	12%	11%	13%
Consol Limited	S. Africa	858.0	32%	33%	33%	33%	15%	16%	16%	16%
Cristalerias De Chile	Chile	684.6	25%	n/a	n/a	n/a	12%	n/a	n/a	n/a
CSG Holdings	China	924.8	31%	n/a	n/a	n/a	14%	14%	15%	n/a
Rigolleau SA	Argentina	72.5	32%	n/a	n/a	n/a	16%	n/a	n/a	n/a
Developed group										
Owens Illinois	USA	2,835.5	10%	17%	18%	18%	-9%	2%	3%	3%
Toyo Seikan	Japan	3,433.0	11%	8%	9%	n/a	2%	1%	1%	n/a
Rexam PLC	UK	5,997.3	18%	16%	17%	17%	7%	6%	6%	7%
Ishizuka Glass	Japan	85.4	9%	n/a	n/a	n/a	1%	n/a	n/a	n/a
Vetropack	Switzerland	508.0	23%	20%	21%	21%	11%	8%	9%	9%
Vidrala SA	Spain	631.3	26%	24%	25%	25%	9%	9%	10%	10%
Nihon Yamamura	Japan	301.6	11%	n/a	n/a	n/a	2%	3%	3%	n/a
Kum BI	S.Korea	43.1	20%	n/a	n/a	n/a	12%	n/a	n/a	n/a
Average			21%	21%	21%	24%	8%	8%	8%	10%

	Country	Market Cap USD mln	EV/Sales				EV/EBITDA				P/E			
			2005	2006E	2007E	2008E	2005	2006E	2007E	2008E	2005	2006E	2007E	2008E
GSKZ		85.5	2.3	2.3	2.7	1.7	7.1	7.4	9.1	5.6	10.2	19.9	15.0	7.9
Developing group														
Anadolu Cam Sanayii	Turkey	602.9	1.6	1.7	1.5	1.2	5.4	5.7	5.3	4.4	12.9	7.6	8.4	6.6
Consol Limited	S. Africa	858.0	2.6	2.5	n/a	2.1	8.0	n/a	n/a	6.3	16.6	5.9	5.6	6.3
Cristalerias De Chile	Chile	684.6	2.3	n/a	n/a	n/a	9.3	n/a	n/a	n/a	15.2	n/a	n/a	n/a
CSG Holdings	China	924.8	3.4	n/a	n/a	n/a	10.9	n/a	n/a	n/a	23.4	5.8	5.1	n/a
Rigolleau SA	Argentina	72.5	1.2	n/a	n/a	n/a	3.9	n/a	n/a	n/a	7.5	n/a	n/a	n/a
Developed group														
Owens Illinois	USA	2,835.5	0.4	1.1	1.0	n/a	4.3	6.4	5.8	n/a	neg	48.8	34.3	29.0
Toyo Seikan	Japan	3,433.0	0.7	0.4	0.4	n/a	6.7	5.2	5.1	n/a	28.8	104.4*	76.9*	n/a
Rexam PLC	UK	5,997.3	1.1	1.2	1.2	0.9	6.2	7.5	6.9	5.5	15.7	12.3	15.6	14.7
Ishizuka Glass	Japan	85.4	0.2	n/a	n/a	n/a	2.2	n/a	n/a	n/a	22.2	n/a	n/a	n/a
Vetropack	Switzerland	508.0	1.5	1.4	1.3	1.1	6.8	6.8	6.0	5.5	13.2	10.0	10.9	10.8
Vidrala SA	Spain	631.3	1.8	2.1	1.9	1.8	6.9	8.8	7.7	7.3	19.8	9.5	9.6	9.7
Nihon Yamamura	Japan	301.6	0.6	n/a	n/a	n/a	5.3	n/a	n/a	n/a	20.9	40.2	35.5	n/a
Kum BI	S.Korea	43.1	1.0	n/a	n/a	n/a	4.9	n/a	n/a	n/a	4.2	n/a	n/a	n/a
Average			1.4	1.5	1.2	1.4	6.2	6.7	6.1	5.8	16.7	17.5	15.6	12.8
GSKZ implied share price			1.0	1.0	0.1	1.5	1.6	1.7	0.8	2.0	3.2	1.7	2.0	3.1

Note: Excluded from the calculation of average as an outlier.

Source: Thomson Financial, Bloomberg, Vetropack Gostomel Glass data, Concorde Capital estimates

All financial statements according to Ukrainian Accounting Standards

Income Statement Summary, USD mln

	2005	2006E	2007E	2008E	2009E	2010E	2011E	2012E	2013E	2014E	2015E	2016E
Net Revenues	46.2	49.6	54.6	88.8	103.6	119.5	128.9	136.3	138.7	150.1	151.7	151.7
Change y-o-y	64%	7%	10%	62%	17%	15%	8%	6%	2%	8%	1%	0%
Cost Of Sales	(26.0)	(29.4)	(32.8)	(53.1)	(63.2)	(74.1)	(81.2)	(88.6)	(91.5)	(101.3)	(103.1)	(103.9)
Gross Profit	20.2	20.2	21.9	35.6	40.4	45.4	47.7	47.7	47.1	48.8	48.5	47.8
SG&A	(4.8)	(5.2)	(5.7)	(9.2)	(10.8)	(12.4)	(13.4)	(14.3)	(14.6)	(16.5)	(17.4)	(17.4)
EBITDA	15.2	15.1	16.2	26.4	29.6	33.0	34.3	33.4	32.6	32.3	31.1	30.3
EBITDA margin, %	33%	30%	30%	30%	29%	28%	27%	25%	24%	22%	21%	20%
Depreciation	(5.1)	(4.6)	(4.9)	(6.7)	(6.9)	(7.3)	(7.2)	(7.1)	(7.0)	(6.9)	(6.8)	(6.7)
EBIT	10.2	10.4	11.3	19.7	22.7	25.7	27.1	26.3	25.6	25.4	24.3	23.7
EBIT margin, %	22%	21%	21%	22%	22%	22%	21%	19%	18%	17%	16%	16%
Interest Expense	(1.9)	(2.2)	(3.7)	(5.2)	(5.4)	(5.5)	(5.3)	(4.9)	(4.5)	(4.1)	(3.8)	(3.6)
Financial Income	1.8	-	-	-	-	-	-	-	-	-	-	-
Other income/(expense)	0.7	-	-	-	-	-	-	-	-	-	-	-
PBT	10.8	8.3	7.6	14.4	17.3	20.2	21.8	21.3	21.1	21.3	20.4	20.0
Tax	(2.4)	(4.0)	(1.9)	(3.6)	(4.3)	(5.1)	(5.4)	(5.3)	(5.3)	(5.3)	(5.1)	(5.0)
Effective tax rate	22%	48%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Net Income	8.4	4.3	5.7	10.8	13.0	15.2	16.3	16.0	15.8	15.9	15.3	15.0
Net Margin, %	18%	9%	10%	12%	13%	13%	13%	12%	11%	11%	10%	10%
Dividend Declared	-	-	-	-	-	7.6	9.8	9.6	9.5	11.2	12.3	12.0

Balance Sheet Summary, USD mln

	2005	2006E	2007E	2008E	2009E	2010E	2011E	2012E	2013E	2014E	2015E	2016E
Current Assets	15.4	15.6	18.0	28.4	34.2	42.4	45.7	49.1	49.2	51.8	52.3	52.3
Cash & Equivalents	2.1	1.5	1.6	2.7	3.1	3.6	3.9	4.1	2.8	3.0	3.0	3.0
Trade Receivables	3.4	3.2	5.5	10.7	13.5	19.1	20.6	24.5	25.7	29.3	29.6	29.6
Inventories	8.5	6.4	8.2	12.4	14.5	16.1	17.4	16.4	16.6	15.0	15.2	15.2
Other current assets	1.4	4.5	2.7	2.7	3.1	3.6	3.9	4.1	4.2	4.5	4.6	4.6
Fixed Assets	45.0	57.4	96.8	103.2	115.6	116.3	117.0	117.2	117.4	117.6	117.6	117.6
PP&E, net	35.2	45.3	96.8	103.2	115.6	116.3	117.0	117.2	117.4	117.6	117.6	117.6
Other Fixed Assets	9.8	12.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Assets	60.5	73.0	114.8	131.7	149.8	158.7	162.7	166.3	166.6	169.4	170.0	169.9
Shareholders' Equity	32.2	39.5	45.5	56.4	69.4	77.0	83.5	89.9	96.2	101.0	104.1	107.1
Share Capital	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Reserves and Other	6.7	6.7	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8
Retained Earnings	25.4	29.8	35.7	46.6	59.6	67.2	73.7	80.1	86.4	91.2	94.3	97.3
Current Liabilities	9.0	5.0	5.7	10.2	14.0	17.6	19.6	21.4	21.9	24.0	24.3	24.3
ST Interest Bearing Debt	5.0	-	0.5	0.9	2.1	3.6	3.9	4.1	4.2	4.5	4.6	4.6
Trade Payables	2.4	3.2	3.3	6.2	8.3	9.6	11.0	12.0	12.2	13.5	13.7	13.7
Accrued Wages	-	-	-	-	-	-	-	-	-	-	-	-
Accrued Taxes	0.2	0.2	0.3	0.4	0.5	0.8	0.9	1.2	1.4	1.5	1.5	1.5
Other Current Liabilities	1.4	1.5	1.6	2.7	3.1	3.6	3.9	4.1	4.2	4.5	4.6	4.6
LT Liabilities	19.3	28.5	63.6	65.0	66.4	64.2	59.6	55.0	48.4	44.4	41.6	38.6
LT Interest Bearing Debt	19.3	28.5	63.6	65.0	66.4	64.2	59.6	55.0	48.4	44.4	41.6	38.6
Other LT	-	-	-	-	-	-	-	-	-	-	-	-
Total Liabilities & Equity	60.5	72.9	114.9	131.6	149.8	158.7	162.7	166.3	166.5	169.4	169.9	169.9

Cash Flow Statement Summary, USD mln

	2005	2006E	2007E	2008E	2009E	2010E	2011E	2012E	2013E	2014E	2015E	2016E
Net Income	8.4	4.3	5.7	10.8	13.0	15.2	16.3	16.0	15.8	15.9	15.3	15.0
Depreciation	5.1	4.6	4.9	6.7	6.9	7.3	7.2	7.1	7.0	6.9	6.8	6.7
Non-operating and non-cash item	(2.6)	3.8	(0.1)	0.1	(0.0)	(0.1)	0.1	(0.1)	0.1	(0.1)	0.1	(0.0)
Changes in working capital	1.7	0.2	(1.9)	(5.2)	(2.7)	(5.7)	(1.3)	(1.5)	(1.0)	(0.6)	(0.3)	-
Operating Cash Flow	12.6	13.0	8.5	12.5	17.1	16.7	22.3	21.5	21.9	22.1	21.9	21.7
Capital Expenditures, net	(12.8)	(24.1)	(43.7)	(13.2)	(19.3)	(7.9)	(7.9)	(7.3)	(7.2)	(7.1)	(6.8)	(6.7)
Other Investments, net	-	6.4	-	-	-	-	-	-	-	-	-	-
Investing Cash Flow	(12.8)	(17.8)	(43.7)	(13.2)	(19.3)	(7.9)	(7.9)	(7.3)	(7.2)	(7.1)	(6.8)	(6.7)
Net Borrowings/(repayments)	(1.0)	4.2	35.3	1.7	2.6	(0.7)	(4.3)	(4.4)	(6.5)	(3.7)	(2.8)	(3.0)
Dividends Paid	-	-	-	-	-	(7.6)	(9.8)	(9.6)	(9.5)	(11.2)	(12.3)	(12.0)
Other	-	-	-	-	-	-	-	-	-	-	-	-
Financing Cash Flow	(1.0)	4.2	35.3	1.7	2.6	(8.3)	(14.1)	(14.0)	(16.0)	(14.8)	(15.0)	(15.0)
Beginning Cash Balance	3.2	2.1	1.5	1.6	2.7	3.1	3.6	3.9	4.1	2.8	3.0	3.0
Ending Cash Balance	2.1	1.5	1.6	2.7	3.1	3.6	3.9	4.1	2.8	3.0	3.0	3.0
Net Cash Inflows/Outflows	(1.2)	(0.6)	0.1	1.0	0.4	0.5	0.3	0.2	(1.3)	0.2	0.0	-

UAH/USD Exchange Rates

	2005	2006E	2007E	2008E	2009E	2010E	2011E	2012E	2013E	2014E	2015E	2016E
Average	5.10	5.05	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Year-end	5.05	5.05	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00

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